

The complaint

Mr B complains that Wise Payments Limited refused to reimburse him after he fell victim to a job scam.

What happened

Mr B has explained that he received contact from who he believed was a recruitment company (but was in fact a fraudster) via an instant messaging app, offering remote working for less than 30 minutes a day, to generate some additional income. Mr B was referred to a second individual who advised she would be providing his training. Mr B was told that he would need to complete a series of 'tasks', whereby he would be providing hotel reviews for a well-known internet search engine in return for commission. Mr B was told that as well as commission earned, he would also earn £380 for every five days that he completed his tasks. Mr B was told that in order to complete reviews, he needed to add funds to his account for a hotel 'booking' to be made in a similar way as it would for genuine customers. Initially he was advised £50 was needed as a deposit.

As Mr B began completing his tasks, he received some 'commercial order' review tasks, which he was told required further deposits to be placed, but came with additional benefits, such as higher commission payments. Mr B raised concerns about these additional payments having not been explained to him, but was reassured by his trainer that the number of these tasks he could receive were capped, and he'd receive all deposits back after tasks were completed. However, as he proceeded, he encountered further commercial order tasks, then 'golden egg' tasks requiring large deposits for further benefits and finally, an 'account upgrade' requiring him to complete further tasks.

Mr B initially made payments through his Wise account. Mr B was told to contact the fraudster's 'customer service' department each time he wanted to make a deposit and was provided with email addresses of other Wise account holders, which could be used to set up the payment. Mr B made the following payments towards the scam:

Date/ time	Payee number	Value
19/08/2023	1	£28.00
19/08/2023	-	+£30 'returns' received
31/08/2023	2	£48.00
31/08/2023	2	£115.30
01/09/2023	3	£458.60
01/09/2023	4	£1,365.30
02/09/2023	5	£5,498.00

Wise has stated that Mr B was required to choose the payment purpose when making the payment and each time, he chose the 'friends and family' option. He was therefore shown a warning covering scams of this nature. However, Wise has stated that another of the available payment options was 'paying to earn money by working offline'. Wise has advised that had Mr B selected this, he would've seen the following warning:

'Have you been asked to pay to earn money?

Stop – this is a scam. Scammers will ask you to pay, and then start earning money by watching ads or writing reviews.

Have you already been paid a small amount?

Scammers might pay you a small amount first to gain your trust. Then, they'll ask you to pay them to earn larger amounts.'

Mr B has provided evidence that he followed guidance from the fraudster on which options to select. On 3 September 2023, Mr B attempted to make a further payment which was stopped by Wise for fraud checks, as well as further payment attempts on 4 September 2023. Following its review, Wise made the decision to close Mr B's account. Mr B continued to make payments towards the scam via another of his banking accounts.

As the payments being requested by the fraudster continued to increase in value, Mr B realised he'd fallen victim to a scam and contacted Wise to raise a claim. Wise considered Mr B's claim but didn't think it was liable to reimburse him. It said it did not know the transfers Mr B made were a scam until after funds were received by the fraudster, that Mr B misled it on the nature of the payments and that he failed to conduct due diligence, prior to making the payments.

Mr B remained unhappy and referred the complaint to our service. He felt that Wise failed to provide sufficient warnings relating to the scam he fell victim to, was inconsistent in blocking transactions linked to the scam and didn't attempt to recover his money efficiently from the fraudsters.

One of our investigators considered the complaint but didn't uphold it. She thought that, even if Wise had intervened further, as Mr B wasn't upfront about the reason for payments it was unlikely to have uncovered the scam.

Mr B disagreed with the investigator's view, so the complaint has been referred to me for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no dispute that Mr B authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is presumed liable for the loss in the first instance.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Wise ought fairly and reasonably to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In addition, since 31 July 2023 when the Financial Conduct Authority's Consumer Duty came into force, there are additional obligations on firms to avoid foreseeable harm to customers. As a result, where it would be considered appropriate based on the risk level, we'd expect warnings provided by firms to be more 'dynamic', and cover the type of job scam Mr B fell victim to, considering its growing prevalence.

As Mr B's Wise account was rarely used, there wasn't typical spending for Wise to compare the scam payments to. However, I think by the last payment Mr B made, there was a higher indication of potential fraud and a dynamic, tailored warning would've been appropriate.

In this case, Wise did in fact ask Mr B the nature of the payments for the majority of transfers he made and on each occasion, Mr B selected an inaccurate response. I appreciate this was under the guidance of the fraudster, but nevertheless this impacted Wise's ability to identify the fraud risk Mr B's payments presented and provide him with an appropriate warning. From the evidence provided by Wise, I can see that it did have an appropriate payment purpose for the scam Mr B was falling victim to and, had Mr B selected this option, I think the warning was clear and stark enough that it ought to have stopped Mr B from proceeding.

Therefore, while I'm sorry to disappoint Mr B, I think the intervention measures Wise had in place were sufficient for the fraud risk it was presented with and I don't think it can reasonably have done anything further to prevent the scam from occurring.

I've also considered Mr B's concerns that once it became concerned by Mr B's account activity, Wise closed Mr B's account without providing any scam concerns with him. I agree that once it had concerns, best practice would have been for Wise to have asked further questions to Mr B to establish the specific scam risk. However, it appears Wise's concerns were regarding cryptocurrency investment scams, rather than a job scam specifically, and as Mr B would likely have been coached on any answers he provided, I don't think this additional questioning prior to closing the account would have prevented further losses Mr B incurred.

Once it was made aware of the scam, Wise attempted to recover his funds from the beneficiary accounts, but unfortunately all funds had been removed before Mr B had raised his scam claim. I therefore don't think Wise could have done anything further to recover Mr B's funds.

Overall, while I'm sorry to disappoint Mr B, I haven't concluded that Wise acted unreasonably when processing these payments and it therefore follows that I don't hold it liable for reimbursing Mr B's losses.

My final decision

My final decision is that I don't uphold Mr B's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 September 2024.

Kirsty Upton
Ombudsman